

Mr. HAZEN: How many vessels does the company own?

Mr. VAUGHAN: They are all on the last sheet, on page 10.

Mr. SANDERSON: What was the deficit in the previous year, December, 1940?

Mr. VAUGHAN: The deficit after all charges was \$12,733.

Mr. SANDERSON: About \$2,000,000 less?

Mr. VAUGHAN: No, the actual surplus without amortization of discount, interest due government and depreciation on vessels is \$593,216.83, but the profit after taking into account interest on the bonds is \$1,205,656 against \$666,000 last year. That is on page 9.

The CHAIRMAN: If there is no further discussion shall we continue on page 8?

Mr. JACKMAN: The auditor's report shows that the *Lady Hawkins* was lost in January, 1942, and was insured in the insurance fund in the amount of \$1,500,000; what was the book value?

Mr. VAUGHAN: The book value is about the same as the other boat, \$1,100,000 or \$1,200,000.

Mr. COOPER: The *Lady Hawkins*, \$1,689,000; accrued depreciation to 1941, \$640,000.

Mr. ROSS: Have you any information with regard to uncompleted voyages. The breakdown includes uncompleted voyages at the end of the year. Could we have some more information on that?

Mr. COOPER: That is the accrued revenue and expense on voyages which are in progress at the end of the year. We only take into the income account the income and expenses on voyages which are actually completed—certain vessels are on voyage at the end of the year—and the revenues and expenses of those uncompleted voyages are carried in this account.

Mr. ROSS: That includes uncompleted voyages during the year?

Mr. COOPER: Yes.

Mr. JACKMAN: On the *Lady Hawkins* the original cost value is \$1,689,000, after the depreciation which shows on your book is \$640,000, leaving a net book value of \$1,049,000, and yet you had your own insurance fund for \$1,500,000 which I presume you collected from your insurance fund and paid into some other fund. How do you handle that?

Mr. VAUGHAN: There was a certain amount of that war risk which was insured outside. The *Lady Hawkins* was all in our own fund.

Mr. COOPER: It is our purpose to place the \$1,500,000 in a replacement account.

The CHAIRMAN: I am sure that the members of this committee do not hear what is going on. I am in the centre of the circle and I have difficulty myself.

Mr. COOPER: I understand that Mr. Jackman was enquiring what we propose to do with the \$1,500,000.

Mr. JACKMAN: I asked how you handle it in your account. You had an asset of \$1,049,000 and you get \$1,500,000 from yourselves. I want to know how you handle that. You are getting more back by reason of the sinking of the ship.

Mr. COOPER: I think Mr. Jackman is interested in the book profit.

Mr. JACKMAN: Yes.

Mr. COOPER: It is a capital gain. It will be taken up through the surplus account of the company.

Mr. HAZEN: You only get back \$1,049,000.

Mr. COOPER: We collected the insurance value \$1,500,000.

Mr. JACKMAN: From yourself, from the insurance fund?

Mr. COOPER: Yes.